GENERAL AND REVENUE SECRETARIAT.

1904-05

(Bank King)

R. **File No.** ~~1~~ 18-1896 ~~of 1896~~

Serial Nos. ~~1~~ 26-31

Papers Filed.

Month January 1905

SUBJECT.

Saklespur Agricultural Bank

PREVIOUS REFERENCES.	LATER REFERENCES.
	B-48 of '04 B-33 of '04

Nos. 18 – 1896

Sns. (1)

8e-24

D Estate

No. R 3043-5

8/6/4/04

6

Order

The attention of the Dy. Commrs. of Kandy and Kadugannawa and of the Estates Inspector of Coffee is invited to the observations contained in the accompanying Note, especially those in paras 4, 5 and 6, relating to the present condition of the two banks at Peradeniya and Kadugannawa respectively.

Sd.
1. 4. '04

I am instructed to forward herewith Reports & Returns noted in the margin.

Sd
12. VII. 04

Press Copy sent
20/7/04

Comptr. 5/4.

To
The Dy Commrs, Kandy
" " " Kadugannawa
" Estates & Coffee Estates.

D 802

Upon the above report of the Inspector of Coffee Estates I direct that the Dy Commrs of Kandy & Kadugannawa be informed that I approve of the steps they have taken to improve the condition of the Peradeniya & Kadugannawa Banks respectively.

Sd
2. 4. 04

Subordinate

Rec'd 6.m. 12/4/04

Sent 7-4-04

2/4/1904

Coffee Banks.

Mr.Pilkington, Inspector of Coffee Banks and Mr.M.Narain Rao, Deputy Commissioner of Kadur met me at Bangalore by appointment on the 1st March and I had a long discussion with them on the affairs of the Coffee Bank at Chikmagalur. Mr.D.Devaraj Urs Deputy Commissioner also gave me a few days ago a Memo on the affairs of the Saklespur Bank. In both these cases I have found that the development of results has largely belied the good intentions of Government. The loan of three lakhs made by Government to the Chikmagalur Bank as an initial capital had, while affording immediate relief to the members whose estates were encumbered with heavy debts and who were being pressed by their creditors

ditors for payment, the disadvantage of creating a disability to raise any loans required for working expenses, as the estate being mortgaged to the Bank offered no security ~~for~~ to private lenders of money. The concession shewn by Government to the Members allowing them to borrow money for the annual up-keep on the security of standing crop did not materially help them as much as the security offered by the crop did not inspire the same confidence to private Money lenders as the security of the estates themselves generally did. The low price of Coffee in the foreign markets served to aggravate the difficulties of the Bank Members and in the meanwhile it became necessary to maintain the estates from undergoing further deterio ration.

2. In November 1902 Government decided to advance for a few years to the two Banks at Chikmagalur and

Saklespur

Saklespur an annual sum of Rs.60,000 and Rs.50,000 respectively, and with a view to secure expert advice and proper inspection of the estates, appointed Mr.Pilkington as Inspector of Coffee Estates on a monthly salary of Rs.500 to be paid out of funds of both these Banks.

3. Mr. Pilkington was able to give me the figures of the Chikmagalur Bank and it was found that upto the end of February last, a sum of Rs. 31,000 had been advanced out of the grant of Rs.60,000 and that out of 21 Members of the Bank, advances had been given to 19 of them, while 2 met the working expenses from their own funds. Both Mr.Narayan Rao and Mr.Pilkington expressed themselves disappointingly on the co-operation of the ~~~~ Bank in securing the proper use of the advances made for the purposes intended and on the good faith of some

the

the Members of the Bank in maintaining their estates in good condition. In the case of each of the Members Gundappa, Abul Kadar Saib, Jagannatha Rao, Chennabasappa, B.Ranganna, Ganesha Rao, V. Shama Rao, Raghavendrappa, Srinivasa Rao and Sivaji Ramachendra the estimated value of the crop falls short-considerably so in some instances- of the advance paid, the total advance paid being Rs.14,490, while the value of the crop is Rs.11,151. This excess of expenditure which must necessarily lead to increase the burden of debt on the estates cannot augur future prosperity to the Members nor can it enhance the value of the estates which at present constitute the security for the loan given by the Bank. If there was an assurance however that this expenditure was but incidental to a particular year, leading ultimately to the improvement of the estates, it would

would ~~xxxx~~ not have been a matter for regret. Neither the Bank nor the Members in the majority of instances seem however to have realized their responsibilities in accepting the helping hand given by Government to enable them to tide over bad seasons and depressed markets. At the end of June 1903 the total amount due to Government on account of -

Principal.....	Rs.310000
On account of interest.....	Rs. 37000
Total	Rs.347000.

To this amount has to be added the advances since made for the up-keep of the estates and the total debt due toGovernment will be about four lakhs. It is very much to be regretted that the supineness of the pank and want of sufficient foresight on the part of some of the members have rendered the task of Government to afford relief to them more difficult than it should be.

In

4. In the first place, the Bank has taken no steps to remove defaulting Members, such as Hanumanta Rao, Ganesha Rao and two others from whom a sum of Rs.29,000 is stated to be due to the Bank. Rule 58 of the Articles of Association authorizes the Bank to remove all persistent defaulters and it is highly desirable that the Bank should now take action to remove such Members and recover the amounts due from them in the best way possible. Their retention will only tend to multiply their liabilities and cause depreciation in the security of their estates. The Deputy Commissioner as the custodian of the interests of Government may well attend the meetings of the Bank and offer such advice as may enable the Bank to purge themselves of undesirable Members.

5. In the next place it appeared

to

to me from what Mr. Pilkington said that some of the Members of the Bank had not strictly conformed to the condition not to dispose of their crop otherwise than through the Bank. He particularly mentioned the name of Ganesha Rao as having acted against this condition. It has been clearly laid down that the realizations from the crop are in the first instance, to be applied to the payment of arrears of assessment, if any, due by the Members and secondly to the liquidation of the advances made to them by the Bank for working expenses, with interest thereon, the balance if any, being utilized for the liquidation of previous loans and interest accruing on them. If there is any fear therefor of a Member violating his obligation to deliver the whole produce to the Bank, the most advisable course is for the Deputy Commissioner to take

precautionary

precautionary measures under sections 146&147 of the Land Revenue Code for safe guarding the interests of Government revenue.

6. Thirdly, I have found that the advances received have not been in many instances properly utilised. In the advances is included money for payment of assessment and yet the assessment has remained in arrears. Jagannatha Rao one of the Members has been a hopeless failure in realising his obligations and while drawing money for specified objects, he has neglected to carry out the objects. The advances include certain charges known as supervision charges. The object of allowing such charges is tha the Superintendent should be on the spot and look after the estates. Far from doing so, the estates are left in indifferent hands and the Members ~~owing~~ owning them have in many instances

lived

lived at a distance. Shama Rao seems to have spent portions of the advance drawn by him in planting a part of his estate which Mr.Pilkington considers would not yield a good return. The sooner Shama Rao is apprised that he works the land at his own cost, the better, so that the advance may be in the future be utilized for the more useful portions of the estate. In the accounts furnished by the Members, it is also found that exaggerated charges under supervision, weeding, fencing, carting &c., are given. The Members should be made to clearly understand that if Mr.Pilkington's suggestions to maintain the gardens in good condition are not followed by them, the advances will be withdrawn and steps taken to recover the loan due to Government. The Deputy Commissioner should make it a point that proper accounts for the expenditure of the

advances

advances made to the Members every month are received in time and that till they are scrutinized and regarded satisfactory by Mr.Pilkington, further advances are not made.

7. The remarks made above in the case of the Chikmagalur Bank more or less apply to the Saklespur Bank also. Both Mr.Pilkington and Mr.Devaraj Urs suggest the division of the estates into a number of groups containing four or five each and placing each group under the supervision of a European Superintendent of the nearest estate subject to the general supervision of Mr.Pilkington. This suggestion will have the effect of throwing the extra cost of remuneration to the Superintendents on the estates mortgaged to the Banks and for this and other reasons, is undesirable.

Date Bangalore,
2nd April 1934.

Memo. showing the main points to be discussed in connection with the Agricultural Bank at Sukhospur.

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1. The object for which it was started. — Planters & relief centres coffee planters from their liabilities which they were not able to discharge on account of depression in Coffee Industry. This was done by the Govt. granting a loan of 4 lakhs of rupees to the members of the Agricultural Bank the greater portion of which loan went towards the discharge of the existing debts & a small portion was devoted for the working of the Estates. These Estates the liabilities on which was paid by Govt. were all mortgaged to the Bank

2. The Consequence — The members of the Bank had an immediate relief into for that

that they were saved
from the pressing demands
of the creditors - The balance
of money which remained
after the debts were
paid was barely sufficient
for the working of the
Estates - The Estates
having been mortgaged
to the Bank no fresh
loans could be raised -
Hence the Estates were
left in a shaken
condition, & in a
course of four or five
years from the date
of the starting of the
Bank the Estates left
deteriorated. The
Members of the Bank
also reduced themselves
to a state of helplessness
& the Bank seemed
was endangered. This
then was brought to
the notice of Govt. The
causes for this state of

of determination are as follows:-

i. The low market of coffee which continued for four years & upwards-

ii. The failure of timely rains in certain years-

iii. The failure & inability of adequate provision for the working of the coffee Estates at the time of discharging the debts in which the members were involved-

iv. Want of proper supervision over the Estates of the members of the Bank-

How the evils under iii & iv were met with-

When it was brought to the notice of Govt that the loans granted by them were not being duly repaid by the Bank on account of the deteriorated conditions of the Estates arising from want of

funds for working the Estates the Govt. were pleased to grant another further loan of Rs 50000 for the working of the Estates

The supervision of the work is entrusted to the appointment of an Experienced Coffee Inspector -

4- The result of the 2nd loan - — . It is now experienced that the evil to be apprehended at the time of granting the 2nd loan is not completely warded off the interests of the Bank are not better secured. With the money that has now been sanctioned for the work of the Estates only a portion of each Estate could be worked & not the whole extent mortgaged to the Bank - But the extent now worked is in a good condition & repays the money spent on it & in some cases more - Most

There is known no difficulty which cannot be overcome and that is the sum allotted for the Estates does not appear to have been properly spent on the Estates for which they are appropriated — The accounts which are rendered by the owners are not sometimes reliable. In some cases, the owner who is the immediate superintendent of his Estate does either not spend the whole sum on the Estate or spends it on purposes and for which it is intended — Some landowners the good and bad ones — generally expected that the Supt of the Coffee Estates would be able to institute a close supervision than he has ever been done

as the law & superviz
the Estates of two district
situated in parts
distant from one
another - The members
of the Bank who are
expected & instructed in
Estates there in
your do not
appear & have been
duly so -
The ultimate result
that it is likely that on
of the Estates will get
into arrears when such
any members will be
required but also the
possibility of the loan
being repaid will have
& be put off for a number
of years & come -

5. The present proposals for remedying the above evils -

i. The working of the
Estates must be taken away
from the hands of the
owners of the Estates and
the same should be entrusted
to European Supts who
shall supervise 3 or 4 Estates
situate in one place
They shall be paid from

of 1907 & of 1909. There shall be a Secy responsible for the efficient working of the Estates & shall work under the instructions of the Inspector -

ii. The Inspector of the Coffee Estates shall conduct the work of the Inspts in such manner as he may from time to time direct & shall have over the powers throughout the Province as may be necessary for the purpose of carrying out the provisions of this Act. The Inspector shall also regulate the finances from year to year - The Inspts shall be held responsible for their

iii - The members of the Board may at any time visit the Estates in the Province in the month of which shall be drawn in the form prescribed for this purpose & submit a report of their visit to the Dpty Commr through the Sub Divl Officer for information - The Board of Directors shall act under the orders of the Board Commr

iv— The owners of the
Estates shall not
interfere with the Superin-
tendence whatever he does but
they shall in case they
find that the Superintendent
neglected in any part
of his duty report the
same to the President
of the Board who shall
forward it to the Superin-
tendent for his explanation
he is to peruse perused
& instruct the Superin-
tendent in the matter. The owners
will be paid a
from this subsistence
allowance of Rs 25/- &
Rs 5/- they being taken
liberty & pay to
the attention & the
cultivation of their work
& dry lands mortgaged to
the Board the produce of
which will be enjoyed
them. Then the Superin-
tendent will be responsible for
annual Budget of
expenditure & income
of the Estate for the
efficient working of the
Estates

6. Conclusion

The Bank shall thus be in a position of such firms as Messrs Brierley & Co or Arbuthnot & Co whereas large Estates supervised by expert European planters

This Loan will enable the Bank to meet all such contingencies without the necessity of Government having to come to the assistance of the Bank, as in 1884-

The Loan remains only one alternative of solving the problem viz the writing off the account of the Bank & stating that the experiment of the Bank is a failure

The Loan according to the present proposal will have been broken on the Estates of the Experimentalists of Expert European Britain in long run

* The division of the
work amongst the
brothers has been done
by the heirs of the lands -
The lands of the
late Estate have
been divided by the Panchayat
- does appointed by me
& hope the same will
be effected soon -
Provision for subsistence
allowance may be made
& Edamma brothers at
Rs 25/- each the same
being charged to the
Supervision Charges
allotted every month -
Similar provision will
be made & the
Likewise at Rs 50/-
amount whose estate
work here has also
been taken over &
the Book management.
Management & be
debited to Head
monthly Supervision

Rest of the Loan
will be repaid with its
interest but the Estate is
all together a flourishing
Condition -

* Before giving a
general effect to the
aforesaid proposal, it
may immediately be
experimented in the
Rupad & Edavanad
Brothers Estate where
amount of dispute
amongst the brothers
work has been stopped
since three years - The
Devaal Estate owned
an extent of nearly 400 acres
in extent were in a
fairly good Condition when
disputed them in June
1909 especially the small
Estate. But there is
how so much of Land
vegetation in them and
the cleaning of them is
in itself an item of
expenditure & began with-
The brothers have been
urging that the Estate
may be divided among
them. Needless to say

Charges - The case
of Mr Srikantaya
is a special one - He
is an Assistant of
the Bank & has spent
his whole time
& energies &
interests for the Bank -
He has besides a large
family & unfortunately
a couple of his sons
though aged enough are
not capable of earning
a livelihood owing &
mental infirmities -
All these considera-
tions which
are circumstances which
Mr Srikantayya's case
with special favour -
ing fully believe that
the Bank will accept
the same - As for a
grant in regard & this
Estate will not be
a charge
a charge
All considera-
tions of the will &
other Credentials which
I have seen amply certified &
support Europeans & have
for whose conduct & have
inspected this Estate -

(Sd) D Dikes.

2/3.

of making an equal
division amongst them
apart, in the interest
of the Bank it is advisable
to keep the Estate
intact & entrust them
& the management
of one individual -
The brothers themselves
would not personally
accept entrusting it -
& one of them -
under
such circumstances it
appears expedient
& opportune as suggested
European & manage
the Estate under the
direct orders of the
Inspector of
Estates who will
advise about portion
of the Estate endowment
be taken on hand -
The brothers think
in their interest
would accede & this -
The Inspector will also
suggest his choice of
a pleader from amongst
the European staff in
the Inspector's branch &

I will fix the day for meeting & have given him - That is urgent & there is need & wait for the orders of Govt as they have already sanctioned & assumed possession of the Estates of the Bank

Other points for discussion.

i. The cultivation of cardamoms -

ii. The extension of coffee cultivation & land which remain uncultivated in the opinion of the Inspector are best-suited for Coffee This is not sanctioned in the last Proceedings ordering the further issue of Rs 50000/-

(Sd) D D Ellis
29/1/1904

C.P. Visd
9.3.04

No. R. 3043-5, DATED BANGALORE, 6TH APRIL 1904.

ORDER:—The attention of the Deputy Commissioners of Hassan and Kadur and of the Inspector of Coffee Estates is invited to the observations of the Dewan contained in the accompanying note, especially those in paras 4, 5 and 6 relating to the present condition of the two Banks at Chikmagalur and Saklespur respectively.

L. ANANTASAMI RAO,
Offg. Secy. to Govt., Gen. & Rev. Depts.

To—The Deputy Commissioner, Hassan District.
The Deputy Commissioner, Kadur District.
The Inspector of Coffee Estates.

COFFEE BANKS.

1. Mr. Pilkington, Inspector of Coffee Banks, and Mr. M. Narain Rao, Deputy Commissioner of Kadur, met me at Bangalore by appointment on the 1st March and I had a long discussion with them on the affairs of the Coffee Bank at Chikmagalur. Mr. D. Devaraj Urs, Deputy Commissioner, also gave me a few days ago a memo on the affairs of the Saklespur Bank. In both these cases I have found that the development of results has largely belied the good intentions of Government. The loan of three lakhs made by Government to the Chikmagalur Bank as an initial capital had, while affording immediate relief to the members whose estates were encumbered with heavy debts and who were being pressed by their creditors for payment, the disadvantage of creating a disability to raise any loans required for working expenses, as the estate being mortgaged to the Bank offered no security to private lenders of money. The concession shown by Government to the members allowing them to borrow money for the annual up-keep on the security of standing crop did not materially help them inasmuch as the security offered by the crop did not inspire the same confidence to private money lenders as the security of the estates themselves generally did. The low price of coffee in the foreign markets served to aggravate the difficulties of the Bank members and in the meanwhile it became necessary to maintain the estates from undergoing further deterioration.

2. In November 1902, Government decided to advance for a few years to the two Banks at Chikmagalur and Saklespur an annual sum of Rs. 60,000 and Rs. 50,000, respectively, and with a view to secure expert advice and proper inspection of the estates, appointed Mr. Pilkington as Inspector of Coffee Estates on a monthly salary of Rs. 500 to be paid out of funds of both these Banks.

3. Mr. Pilkington was able to give me the figures of the Chikmagalur Bank and it was found that up to the end of February last, a sum of Rs. 31,000 had been advanced out of the grant of Rs. 60,000 and that out of 21 members of the Bank, advances had been given to 19 of them, while two met the working expenses from their own funds. Both Mr. Narain Rao and Mr. Pilkington expressed themselves disappointingly on the co-operation of the Bank in securing the proper use of the advances made for the purposes intended and on the good faith of some of the members of the Bank in maintaining their estates in good condition. In the case of each of the Members Gundappa, Abdul Kadar Saib, Jagannatha Rao, Chennabasappa, B. Ranganna, Ganesha Rao, V. Shama Rao, Raghavendrappa, Srinivasa Rao and Sivaji Ramachendra, the estimated value of the crop falls short—considerably so in some instances—of the advance paid, the total advance paid being Rs. 14,490, while the value of the crop is Rs. 11,151. This excess of expenditure which must necessarily lead to increase the burden of debt on the estates cannot augur future prosperity to the members, nor can it enhance the value of the estates which at present consti-

tute the security for the loan given by the Bank. If there was an assurance, however, that this expenditure was but incidental to a particular year, leading ultimately to the improvement of the estates, it would not have been a matter for regret. Neither the Bank nor the members in the majority of instances seem, however, to have realized their responsibilities in accepting the helping hand given by Government to enable them to tide over bad seasons and depressed markets. At the end of June 1903, the total amount due to Government on account of—

Principal	Rs.	3,10,000
On account of interest	„	37,000
Total ...	Rs.	3,47,000

To this amount has to be added the advances since made for the up-keep of the estates and the total debt due to Government will be about four lakhs. It is very much to be regretted that the supineness of the Bank and want of sufficient foresight on the part of some of the members have rendered the task of Government to afford relief to them more difficult than it should be.

4. In the first place, the Bank has taken no steps to remove defaulting members, such as Hanumantha Rao, Ganesha Rao and two others from whom a sum of Rs. 29,000 is stated to be due to the Bank. Rule 58 of the Articles of Association authorizes the Bank to remove all persistent defaulters and it is highly desirable that the Bank should now take action to remove such members and recover the amounts due from them in the best way possible. Their retention will only tend to multiply their liabilities and cause depreciation in the security of their estates. The Deputy Commissioner, as the custodian of the interests of Government, may well attend the meetings of the Bank and offer such advice as may enable the Bank to purge themselves of undesirable members.

5. In the next place it appeared to me from what Mr. Pilkington said that some of the members of the Bank had not strictly conformed to the condition not to dispose of their crop otherwise than through the Bank. He particularly mentioned the name of Ganesha Rao as having acted against this condition. It has been clearly laid down that the realizations from the crop are in the first instance, to be applied to the payment of arrears of assessment, if any, due by the members and secondly to the liquidation of the advances made to them by the Bank for working expenses, with interest thereon, the balance if any, being utilized for the liquidation of previous loans and interest accruing on them. If there is any fear therefore of a member violating his obligation to deliver the whole produce to the Bank, the most advisable course is for the Deputy Commissioner to take precautionary measures under Sections 146 and 147 of the Land Revenue Code for safeguarding the interests of Government revenue.

6. Thirdly, I have found that the advances received have not been in many instances properly utilized. In the advances is included money for payment of assessment and yet the assessment has remained in arrears. Jagannatha Rao, one of the members, has been a hopeless failure in realizing his obligations and while drawing money for specified objects, he has neglected to carry out the objects. The advances include certain charges known as supervision charges. The object of allowing such charges is that the Superintendent should be on the spot and look after the estates. Far from doing so, the estates are left in indifferent hands and the members owning them have in many instances lived at a distance. Shama Rao seems to have spent portions of the advance drawn by him in planting a part of his estate which Mr. Pilkington considers would not yield a good return. The sooner Shama Rao is apprised that he works the land at his own cost, the better, so that the advance may in the future be utilized for the more useful portions of the estate. In the accounts furnished by the members, it is also found that exaggerated charges under supervision, weeding, fencing, carting, etc., are given. The members should be made to clearly understand that if Mr. Pilkington's suggestions to maintain the gardens in good condition are not followed by them, the

advances will be withdrawn and steps taken to recover the loan due to Government. The Deputy Commissioner should make it a point that proper accounts for the expenditure of the advances made to the members every month are received in time and that till they are scrutinized and regarded satisfactory by Mr. Pilkington, further advances are not made.

7. The remarks made above in the case of the Chikmagalur Bank more or less apply to the Saklespur Bank also. Both Mr. Pilkington and Mr. Devaraj Urs suggest the division of the estates into a number of groups containing four or five each and placing each group under the supervision of a European Superintendent of the nearest estate subject to the general supervision of Mr. Pilkington. This suggestion will have the effect of throwing the extra cost of remuneration to the Superintendents on the estates mortgaged to the Banks and for this and other reasons, it is undesirable.

(Sd.) P. N. KRISHNAMURTI,
Dewan of Mysore.

Dated Bangalore, 2nd April 1904.

Exd.—G.S.

1903-04

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

FINANCIAL

PROCEEDINGS

Dated 6th April 1904

No. R. 3043-3.

Inviting the attention of the Deputy Commissioners of Hassan and Kadur and of the Inspector of Coffee Estates to certain observations of the Dewan on the present condition of the Agricultural Banks at Chikmagalur and Saklespur.

SBP—4-8-04—200

File-No: 100 of
1896.

Orig.
18-1896
~~27~~ 31

To the Dy. Commr.
Kadur

Dr Kadur.

No. Jl. 11945 dy 29th August/04

Adverting to G. O No
3043-5 dated 6th April 1904,
has the honor to inquire
in what condition the
Coffee estates for the
working capital of which
advances have been
made are at present.
Information may also
be furnished reporting
the advances made to
each Estate upto the
end of June 1904, as to
how they have been
utilized and as to

what amounts were recovered upto the end of the same period. It is also requested that suggestions, if any, for future improvement may also be made.

Mrs. 20-8-'04

Secy. 26.8.1904

23.VIII.04